

AR20

1983

STANDARD LIFE

Canadian
Annual
Review

The Standard Life Assurance Company

Corporate Overview

The Standard Life Assurance Company was founded in Edinburgh, Scotland, in 1825. Eight years later, in 1833, it became the first life insurance company to do business in Canada, with the opening of a branch office in Quebec City.

Today the Canadian Operation of Standard Life, headquartered in Montreal, is one of the largest life insurance operations in Canada, in terms of assets. When all the worldwide assets of the company are combined, Standard Life ranks among the largest and most financially sound life insurance companies in the world.

In Canada, Standard Life maintains branch offices in 24 cities. Through Head Office and these offices, staffed by over 900 employees, we serve the life insurance and pension needs of the Canadian public, and manage our investments on their behalf.

As the market for financial services evolves, Standard Life is committed to offering a complete range of financial services to its many clients and policyholders. To do this we rely on the expertise we have built up over the years and lay great emphasis on innovation and resourcefulness while respecting the traditions of service and responsiveness which have brought us to where we are today.

Comme l'indique votre dossier, nous vous faisons parvenir un exemplaire anglais du Rapport annuel. Cependant, si vous préférez recevoir la version française, veuillez en faire la demande, par écrit au Secrétaire de la Compagnie à l'adresse suivante:

Compagnie d'assurance
Standard Life
1245, rue Sherbrooke ouest
Montréal (Québec)
H3G 1G3

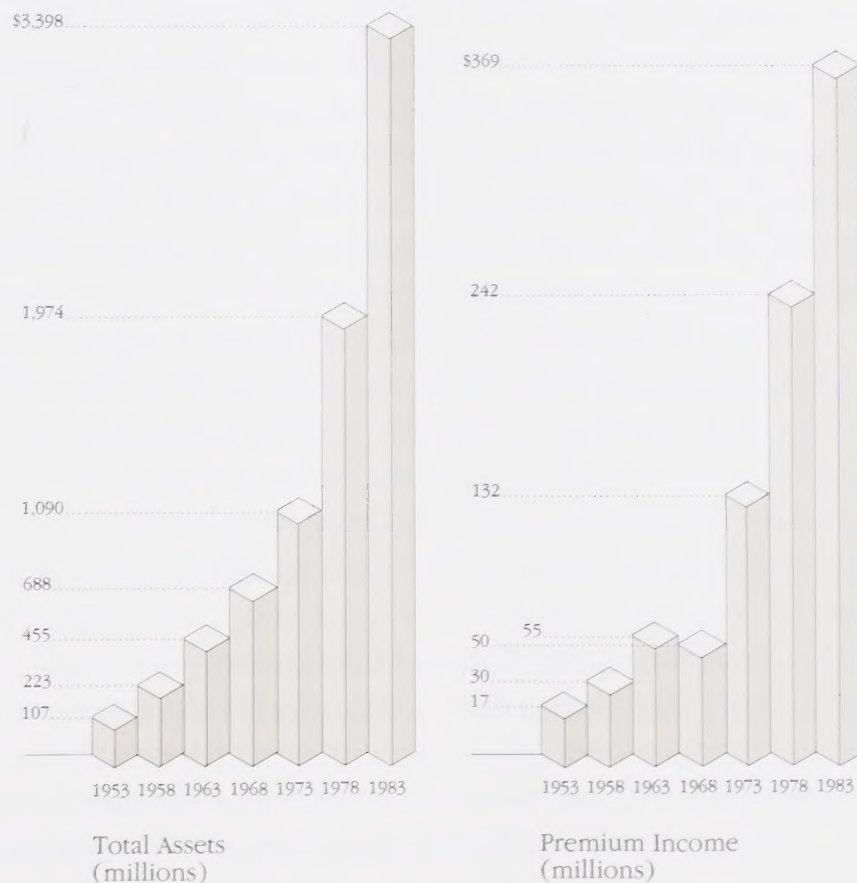
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Highlights

Canadian Branch Operations	1983	1982
	\$000	
New business - sums assured individual life assurance	\$ 598,823	\$ 589,684
Payments to policyholders and beneficiaries	494,125	295,186
Net investment income	213,489	196,606
Yield on book value of investments	11.45%	11.40%
Premiums received	369,460	344,659
Assets in Canada	\$3,398,140	\$3,130,494

Our Growth

The growth of the Company in Canada over the past thirty years is illustrated by the accompanying charts.



It is with a great sense of satisfaction that I report on our operations for 1983. It was a busy and exciting year for the company on all fronts and was met with notable success in every area of our activities.

1983 was the year in which we celebrated our 150th Anniversary in Canada – the first life insurance company so to do. 1983 was also the year in which we began in earnest the process of moving aggressively into new areas in a bid to consolidate our position of strength and enable Standard Life to take advantage of the opportunities for growth which we foresee in the future.

Rewarding Results

The results of our efforts were very rewarding. On the individual insurance side, we introduced a new universal life product, upgraded the recruiting and training of our representatives and saw an increase in new business of more than 13% in 1983. We are therefore well on target to doubling our share of the individual insurance market by 1990.

In our Group Operations, we maintained our leading position in group pensions, and the returns we earned for our Pooled and Segregated Fund clients demonstrated again the soundness of our investment management philosophy. The most exciting development in the area of group insurance was, of course, the formation of a joint marketing venture with Alliance Mutual Life Insurance Company. The new organization, Standard Life/Alliance Mutual Services was only a germ of an idea at the end of 1982. Yet, after only four months of operation on a limited basis, in 1983 it generated \$1.7 million

of annualized premiums for Standard Life - close to 50% of our existing group life premium income. 1984 will be a year of back-stage activity in preparation for a full marketing campaign beginning in early 1985.

The operating environment in 1983 was somewhat more encouraging than had been the case in the immediate past. The Canadian economy, reflecting the recovery in the United States, made considerable progress particularly in the latter half of the year, and corporate income statements began to show signs of health. Unemployment continued to be a blight on the scene although some satisfaction could be seen in the fact that the figures began to decline towards the end of the year.

Financial Services of the Future

In the financial services area, the trend toward a blurring of the traditional lines of demarcation among the four pillars of finance continued. The life insurance industry has long sought to have its governing legislation updated to reflect modern operating realities. To that end, detailed recommendations for legislative changes were submitted in a document entitled "Financial Services for the Future". Essentially the industry seeks:

- extended powers which would enable life insurers to offer to the public a broader range of financial services.
- that laws governing the investments permitted to life insurers be changed to recognize the "prudent management concept".
- that there be no difference in the treatment of Canadian and non-resident companies.

We feel it is essential that the Federal Government give high priority to passing legislation which will allow our industry to operate on a basis that recognizes the evolving business realities of the late 20th century.

The regulations which currently govern our operations work to the detriment of policyholders by limiting the investment options available to us when few such restrictions apply to the other institutions which deliver financial services and with which we must compete in the marketplace.

Pension Reform

Another area of concern for Standard Life is the ongoing debate on the pension system. In past reports, I have referred to this subject, urging that Government recognize the soundness of the private pension system instead of expanding public pension plans. In his recent Budget, the Minister of Finance has come forward with a number of suggestions which follow our basic approach although, inevitably, there are one or two with which we would take issue or wish to modify to some extent. However, in our federal system, pension legislation is largely the responsibility of the provinces and there are signs that several of the latter have been thinking along lines not greatly different from those of the Minister of Finance. We hope that it will be possible to reach a consensus on broad principles during 1984 in order that employers can finally make plans for the future.

The most significant of all the proposed changes, perhaps, concerns the taxation treatment of contributions to pension plans and registered retire-

ment savings plans. Completely fresh ground has been broken here and many of the ideas put forward are, apart from possible difficulties of administration, attractive to us at first sight. Considerable work remains to be done on them to ensure that both industry and individual taxpayers are not overwhelmed by new reporting requirements and the sheer complexity of the whole system.

Those are some of the major issues facing your company and, indeed, the life insurance industry as we prepare to lead the way into our next 150 years in Canada. The celebrations surrounding the anniversary of the first 150 years for Standard Life last year were a tribute to the loyal and devoted employees, past and present, who have made this company one of Canada's strongest, and continue today to generate our very impressive results. With such a dedicated group of employees we can have every confidence in the future.

Our results over the past three years in the most trying of economic circumstances have demonstrated that we are quite capable of meeting the challenges which face us. We feel that there are opportunities aplenty for Standard Life to maintain its leadership position in the market as we innovate to meet the needs of our policyholders. As Canada's first life insurance company, we are conscious of our responsibility in this regard, and will continue to discharge that responsibility with vigour and enthusiasm.

A.S. Fernie

A.S. Fernie
President
Canadian Operations

Report of Operations

Individual Operations

Standard Life made significant strides in all aspects of individual insurance operations last year, exceeding, by far, a very strong performance in 1982.

New sales, as measured by premium income, showed a marked increase of more than 13% over the previous year's record. At the same time, the increase for the industry as a whole was 4%. Several factors are responsible for this success. The uneasiness and uncertainty which clouded the marketplace for much of the previous year regarding taxation had dissipated. Moreover, the economic situation in 1983 improved considerably, spurring a return of consumer confidence.

The introduction of our universal life product was achieved in mid-year after much detailed preparatory work. Designed to appeal to the business insurance and higher income market, the product, Idealife, has already proven to be a success, generating close to \$500,000 in premium income in the first 7 months.

In the area of individual annuities we again recorded major success this year. Our on-line annuity quotation system which provides instant quotes for brokers and agents across Canada, and our extremely competitive rates and thirty day rate guarantee have combined to produce an increase of 47% in the number of immediate annuities sold, and a 21% increase in premiums. Our total premium income from Individual Operations, at \$82 millions, was 10% ahead of last year's pace.

But perhaps the area in which we made the greatest strides was in our career development programme for our sales personnel. Improved training methods at all levels for our representatives resulted in better overall performance for the division.

The prospects for the future continue to look bright. Standard Life policyholders have always been able to rely on the finest in products and service from their company, and our efforts will continue in that regard. The Maturity Bonus, introduced in 1982, is an example of those efforts. The Ideal Capital Accumulator, launched early in 1984 as a replacement of our Flexible Premium Deferred Annuity, is another example of our efforts to satisfy market demand.

Standard Life An Economic Catalyst

As one of Canada's leading life insurance companies, Standard Life invests several hundred millions of dollars each year in the Canadian economy. These investments are aimed primarily at enabling the Company to better meet its obligations to clients, policyholders and their beneficiaries. Our investment posture has always been to achieve the optimal rate of return consistent with an acceptable level of risk.

Through their premium payments and other deposits with the Company, our policyholders and clients provide the pool of funds we invest.

These funds, together with the investment income they generate, are used to provide for the payment of benefits to our policyholders. In the process, however, Standard Life provides significant benefits to the Canadian economy by virtue of the economic and social activities which our investments generate. For this reason, we feel we are truly a major catalyst for economic development, and have chosen to illustrate in this year's review how you, the policyholders, are involved through Standard Life in the well-being of the community.

Policyholders

Standard Life policyholders all invest in the Company to provide for their own or their dependents' financial security.

They include...

The new contract features extreme flexibility with up to 20 investment options and, a first in the industry, is issued by the representative at the point of sale.

As the market for financial services evolves, we will, through our ongoing product development and training efforts, continue to provide the kind of products and service the Canadian public demands.

Group Operations

The most significant development in our Group Operations for 1983 was the formation in July of a joint venture with Alliance Mutual to market and administer group life, accident and sickness insurance across Canada.

Under the joint venture agreement, a new independent organization, Standard Life/Alliance Mutual Services will develop, market and administer group business on behalf of both Standard Life and Alliance Mutual, with each company sharing equally all income and expenses arising from the joint venture operations. This arrangement benefits Standard Life in that it provides us with a means of rapid entry into the group accident and sickness insurance business.

The success of the venture in little over four months of operations has been remarkable. Standard Life's share of the

premium income from its operations reached \$1.7 millions – almost 50% of our total premium income from existing group life business. It is our intention to obtain 3% of the Canadian market for this class of business within five years.

Our Group Pension operations experienced another good year. Given the depressed economic conditions which created reduced staffing levels and cash flow problems for many companies, the uncertainty regarding future pension legislation and its impact on existing funding arrangements and plan design and the intense competition for the savings dollar, it is creditable that we achieved an insured premium income of \$93 million last year which, although below the previous year's record, was still the second best in the company's history. 1983 was an extremely encouraging year with respect to market performance and asset growth for our pooled and segregated funds. The excellent performance statistics both in an absolute and relative sense served to justify our aggressive investment policies and maintained our reputation as a leader in fund management.



... Individuals planning for retirement.

... Businessmen and women guaranteeing the orderly settlement of their estates.



... Companies and associations providing retirement pensions for their employees and members.

In 1983, policyholders and clients paid \$369 millions in premiums and deposits to the Company.



... Families providing income security for their dependents.

Pooled fund assets grew by 20% to \$816 million and total Segregated Assets under management (including those under Standard Life Portfolio Management Ltd.) now exceed \$2 billion. The business of pension fund management has become one of the most dynamic and competitive sections in the pension market and so we have put greater emphasis on communication and marketing.

We enter 1984 still facing considerable uncertainty about the future direction of pension plan legislation. Whatever the outcome, we are confident that Standard Life has the resources and the expertise to take advantage of any new opportunities which develop in the future while maintaining our position as Canada's leading pension company.

Investments

Net investment income rose by 9% to \$213 million, while yields on the book value of the portfolio increased from 11.40% to 11.45%. Total funds under management, including those entrusted to Standard Life Portfolio Management Ltd., our investment management sub-

siary, increased 16% to \$4.5 billion at market. General insurance funds at book value rose \$155 million to \$2.15 billion.

The investment climate in 1983 was buoyed by the economic recovery in Canada which began in the first quarter, following a protracted period of decline. The consumer-led recovery in the United States provided much of the stimulus for our domestic improvements. The high level of interest rates in the U.S., however, continued to be a concern over the short term. This situation has increased international demand for U.S. currency, and thus inhibited, to some extent, the growth of non-North American economies. 1984 should witness an easing of this situation allowing for an international broadening of the economic recovery. Due to their export orientation, Canada's resource based industries should benefit from these developments.

The improvements in the Canadian economy were reflected in Canadian equity markets. The Toronto Stock Exchange registered a 30% advance against a 20% improvement of the Dow Jones Industrial Average. Strength in the markets has been based upon the significant recovery in corporate profits and the view that the current expansion

Investments

Standard Life invests these premiums in a variety of ways to ensure our ability to meet our financial obligations. Apart from the taxes paid directly to governments and the direct employment created for our staff and suppliers, the investments we make directly touch the lives of many Canadians.

These include...



...Mortgages

Our mortgage investments help to finance construction of large and small commercial properties, homes and apartment buildings all across Canada.



...Federal, Provincial and Municipal Bonds
Provide funds for all levels of government to finance public sector activity including health care facilities, education, social welfare, and capital works.

will continue for some time in an environment of lower inflation.

Fixed income markets were much less volatile during the year. The Canadian bond market continued to outperform its U.S. counterpart during 1983, largely due to weaker credit demands in Canada and the reduction in the inflation rate differential between Canada and the U.S. Our bond portfolio's yield to book value increased to 12.39% from 12.32%, while yield to market value declined marginally to 12.42%, reflecting improvements in the marketplace over the year.

Long term mortgage rates dropped in line with the market from 14.75% to 13.50%. Despite heavy competition in the marketplace, especially from the Canadian chartered banks, our mortgage portfolio grew by a record amount during 1983, with a total of \$124 million having been added during the year, an increase of over 15%.

Our real estate investment activity in 1983 was concentrated on two major new developments. In January, we established a Pooled Real Estate Fund for our investment clients and have achieved creditable successes to date. By year-end, the unit value of the Fund had increased to \$10.98 from \$10.00 at inception.

The other major project was the start-up of construction of the Standard Life Centre at the south east corner of King and York Streets in Toronto. This premier quality 26 storey office tower in the very heart of the city is scheduled for completion in the first half of 1985.

The total market value of the Real Estate Portfolio is \$416 million. Based on 1984 income forecasts, the yield to market value of the portfolio will exceed 8.0%.

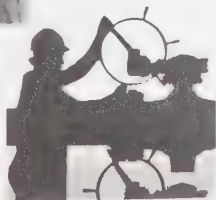
Corporate Operations

At Standard Life we pride ourselves on our ability to deliver first-class service to policyholders and clients, and to safeguard their interests by keeping down our costs of doing business. To maintain that ability, we have, over the past few years, undertaken significant investments in service improvements.

Principal among these is our commitment to being on the leading edge of data processing technology. During 1983, we made progress in establishing a data base system for all our record

... Stocks and Bonds

Provide the capital for business to grow, to develop Canada's natural resources and help create jobs for Canadians in the private sector.



... Real Estate

Through extensive commercial real estate holdings throughout the country, Standard Life provides superior working environments for its many tenants, while contributing to urban development and municipal taxes.

In 1983, Standard Life investment in all sectors of the economy generated income in excess of \$300 millions.

keeping, and invested in a new Head Office computer which will significantly enhance response time to our branch terminals and, in turn, allow faster client service. The transfer of our investment records to a more sophisticated system, undertaken last year, will also mean significant improvements in our communications with investment clients.

This new technology provides us with much greater flexibility in product design and administration. For example, the variety of options and configurations which our new Idealife product offers to the client would not be possible on a system less sophisticated than that which we now possess.

As regards the cost of doing business, it is noteworthy that last year we achieved an increased volume of business without a proportional increase in staff or operating expenses. This is a result of the ongoing effort to monitor and update our procedures with a view to improving the effectiveness of our operations.

The more complex challenges of the 1980's including the current realignment of the financial services require us to be

even more vigorous in selling our products. To help us in this task we will launch, this year, a major advertising campaign aimed at raising our corporate profile.

As a corporate citizen, we are very conscious of our responsibility to our community and, during the last year, expanded our programme of support for worthy charities and encouragement of the performing arts. The contributions made by our employees to a major charitable fund-raising effort in Montreal, with the full support of management, is one example of this posture. In Hamilton, Ontario, where Standard Life has become a major real estate investor, we were proud to be associated with the opening of the 100th Anniversary season of that city's Philharmonic Orchestra.

It is our belief that the private sector has a role to play in the funding of these endeavours which bring cultural and social benefits to the community, and we intend to continue to play our part.

The year 1983 was an exciting one for Standard Life. 1984 promises to be even more so as the pace of change in our industry accelerates. We feel confident of our continued success as we rely on the resourcefulness and strength which have served us well for the first 150 years of our existence in Canada.

Benefits

The prime beneficiaries of this investment activity are, of course, our policyholders. Each year, we set aside a portion of revenues to meet future claims and to pay our operating expenses. However, the major portion goes to you, the policyholders.

Benefits are paid in various forms...



... Retirement income to annuitants.



... Cash value increases on permanent policies.



... Death benefits to beneficiaries.



... Bonuses to participating policyholders.

In 1983, Standard Life paid over \$494 millions to its policyholders, beneficiaries and clients.

Our Bonus Record

The coverage under a participating Standard Life policy increases each year without any increase in the premiums. These increases in coverage are declared in the form of reversionary bonuses, which are fully paid-up additions to the basic sum assured. Thus the policy provides a constantly increasing level of coverage which counterbalances, to some extent, the effects of inflation.

In addition to the reversionary bonus, the value of participating policies is further increased on maturity by the Maturity Bonus. This bonus is payable on claims by death or maturity on policies in force for at least six years. The Maturity Bonus may pay up to 35% of the total basic sum assured and reversionary bonuses attaching to the policy.

The chart below shows how the coverage under our full participating policies has increased between the year of purchase and 1984. The further effect of the Maturity Bonus is also shown.

For example, a policy purchased in 1953 with a basic sum assured of \$10,000., under which a death or maturity claim arose in April 1984 would produce the following result:

Basic Sum Assured	\$10,000
Bonuses Attaching	15,811
Maturity Bonus	<u>9,034</u>
Total Claim Payable	\$34,845

Thus, in this example, the total claim payable as a result of the high rate of reversionary bonus and generous maturity bonus is *more than 3 times the original sum assured*, and the amounts continue to increase, the longer the policy remains in force.

Another reason a Standard Life policy is well worth keeping.



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Another reason a Standard Life policy is well worth keeping.



Statement of Financial Position

as at November 15
Canadian Branch
(in thousands of Canadian dollars)

Assets	1983	1982
Bonds and debentures		
Government	\$ 341,241	\$ 298,705
Corporate	304,035	351,913
Stocks		
Common	161,459	158,662
Preferred	56,137	57,063
Mortgages	950,185	826,584
Real estate	199,680	138,350
Loans to policyholders	50,804	50,168
Cash and short term deposits	39,392	79,350
Segregated fund net assets	1,242,296	1,129,310
Investments in subsidiary and associated companies	9,290	4,029
Investment income - due and accrued	27,486	25,394
Other assets	16,135	10,966
	\$3,398,140	\$3,130,494
Liabilities		
Actuarial liabilities (note 4)	\$1,798,482	\$1,600,116
Benefits payable to policyholders and provision for unreported claims	3,218	3,234
Provision for dividends payable to policyholders	21,313	21,497
Amounts left at interest	4,488	7,796
Segregated fund liability to policyholders	1,242,296	1,129,310
Other liabilities	34,628	30,440
Excess of assets in Canada over liabilities (including reserve for fluctuations in investment values) (note 5a)	293,715	338,101
	\$3,398,140	\$3,130,494

Statement of Operations

Year ended November 15
Canadian Branch
(in thousands of Canadian dollars)

Income	1983	1982
Premiums including segregated funds - \$174,131 (1982 - \$146,581)	\$369,460	\$344,659
Investment income less investment expenses	213,489	196,606
Net gain on disposal of investments	12,950	2,072
Net investment income on segregated funds (including realized and unrealized appreciation and depreciation)	269,060	160,529
Other income	8,653	6,964
	\$873,612	\$710,830

This Income was used for

Payments to policyholders and beneficiaries		
Death and disability benefits	\$ 12,456	\$ 8,881
Surrender values and matured endowments	31,064	45,608
Dividends and interest	18,997	20,094
Annuity payments	101,402	90,733
Segregated fund payments (note 3)	330,206	129,870
	494,125	295,186
Increase in actuarial liabilities required for future payments to policyholders and beneficiaries (note 4)	198,366	136,539
Increase in liability to segregated fund policyholders	112,985	177,240
Operating expenses, taxes and commissions	40,522	47,571
Increase in excess of assets in Canada over liabilities	27,614	54,294
	\$873,612	\$710,830

1. Incorporation and Operations

The Standard Life Assurance Company is a mutual company (that is, a company with no share capital) which was established in Edinburgh, Scotland in 1825 and which has carried on business in Canada since 1833. As such its Canadian Operations must comply with the provisions of the Canadian and British Insurance Companies' Act in Canada. The overall supervision of the affairs of the company, however, remains with the British authorities and both sets of requirements must be satisfied. The regulations, in Europe and Canada, which determine the bases on which assets may be stated, and on which the present value of liabilities may be calculated differ. It follows that the information given in this statement, as to assets and liabilities in Canada, which conforms to generally accepted Canadian practice does not correspond with the figures of Canadian assets and liabilities which have been reported to the British Government. The assets which have been placed in trust in Canada are more than sufficient to satisfy Canadian legal requirements. The total resources of The Standard Life Assurance Company are available to meet the claims of policyholders in Canada, the United Kingdom and the Republic of Ireland.

2. Accounting Policies

The accounting policies followed by the Canadian Branch for reporting to its Canadian policyholders are those prescribed or accepted by the Federal Department of Insurance for British Life Insurance Companies:

(a) **Bonds and debentures.** Bonds are shown at amortized cost. The corresponding market value of the bond portfolio is \$639,275 (1982 - \$610,530).

(b) **Stocks.** Stocks are shown at cost. The corresponding market value of the equity portfolio is \$418,681 (1982 - \$334,468).

(c) **Mortgages.** Mortgages are shown at amortized cost.

(d) **Real estate.** Real estate is shown at cost less accumulated depreciation of \$53,715 (1982 - \$46,085). For most buildings depreciation is taken at 5% on the declining balance basis. The market value of real estate is \$416,129 (1982 - \$333,465). Encumbrances of \$52,326 (1982 - \$43,214) have been deducted from real estate.

(e) **Segregated funds.** Segregated fund net assets are shown at market value. The Canadian Branch has entered into contracts for the administration of pension plans. The assets pertaining to each of these contracts are, in compliance with Canadian law, segregated from the general funds of the branch. The liability for each plan varies with the market value of the segregated assets.

(f) **Investments in subsidiary and associated companies.** Investments in subsidiary and associated companies are carried at cost, and include loans to these companies. The operations of the subsidiary companies have not been consolidated in view of the insignificant amounts involved in relation to the total funds of the Canadian Branch.

(g) **Actuarial liabilities.** Actuarial liabilities are the amounts which, together with future premiums and investment income, provide for future obligations under insurance and annuity contracts. Actuarial liabilities are valued in accordance with Section 82 of the Canadian and British Insurance Companies' Act, insofar as it applies to British companies.

(h) **Furniture, fixtures and equipment.** Furniture, fixtures and equipment are expensed in the year acquired.

(i) **Income taxes.** The Canadian Branch accounts for income taxes on the taxes payable method.

(j) **Disposal of investments.** Gains and losses on disposal of investments are included in income as they are realized.

3. Segregated Fund Payments

The segregated fund payments in 1983 include an amount of \$68,371 representing transfers of assets to Standard Life Portfolio Management Ltd., a wholly owned subsidiary of the Canadian Branch. Assets under the management of this subsidiary are not included in the assets of the Canadian Branch.

4. Adjustment to Actuarial Liabilities

In 1983 and 1982, changes were made in the basis used to determine the actuarial liabilities of the annuity business. This has resulted in the actuarial liabilities as at November 15, 1983 being lower by \$1,090 (1982 - \$58,735) than if the prior year's basis had been used. Of this adjustment in 1983, a decrease of \$2,131 pertains to the 1983 fiscal year and an increase of \$1,041 to prior years.

5. Other Matters

(a) The decrease in "Excess of assets in Canada over liabilities" is net of \$72,000 (1982 - \$36,120) transferred to the United Kingdom in accordance with the company's international investment policy.

(b) Certain comparative figures for 1982 have been reclassified to conform with the accounting presentation adopted in 1983.

(c) Amounts included in the above notes are expressed in thousands of Canadian dollars.

Auditors' Report

To the Directors
The Standard Life Assurance Company

We have examined the statement of financial position of the Canadian Branch of The Standard Life Assurance Company as at November 15, 1983 and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards in Canada, and accordingly included such tests and other procedures as we considered necessary in the circumstances; the actuarial liabilities under policy contracts were determined and certified by the company's Valuation Actuary.

In our opinion, based on our examination and the certificate of the Valuation Actuary, these financial statements present fairly the financial position of the Canadian Branch of the company as at November 15, 1983 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2, applied on a basis consistent with that of the preceding year.

Thorne Riddell
Chartered Accountants

Montreal, February 27, 1984

Valuation Actuary's Certificate

I have made the valuation of policy benefit liabilities of the Canadian Branch of The Standard Life Assurance Company for its statement of financial position at November 15, 1983 and its statement of operations for the year then ended. In my opinion (i) the valuation conforms to the recommendations for insurance company financial reporting of the Canadian Institute of Actuaries, (ii) the amount of the

policy benefit liabilities makes proper provision for the obligations payable in the future under the company's policies, and (iii) a proper charge on the account of those liabilities has been made in the statement of operations.

C.A. Garcia, F.S.A., F.C.I.A.
Senior Vice-President & Actuary

Montreal, February 27, 1984

Extracts from the Report and Accounts of the Company

as at November 15

The financial statements presented elsewhere in this review reflect the operations of the Canadian Branch of The Standard Life Assurance Company. The company, which is headquartered in Edinburgh, Scotland, has substantial operations in both the United Kingdom and the Republic of Ireland. The total resources of the company are available to

meet the claims of policyholders in Canada, the United Kingdom and the Republic of Ireland.

Below are extracts from the Report and Accounts of the company's operations as at November 15. These figures are reported in pounds sterling, as required in the United Kingdom, and include the Canadian Operations.

£000	1983	1982
Total Funds	£5,245,982	£4,370,188
Represented by:		
Bonds & debentures	2,256,226	1,927,753
Stocks	2,704,095	2,067,225
Mortgages	593,090	484,867
Real estate	1,117,733	948,410
Cash & short term deposits	205,116	234,011
Other assets	49,833	39,825
Sub total - at market value	6,926,093	5,702,091
Less: Miscellaneous current liabilities	90,358	76,846
Investment reserve against fluctuations in market values	1,589,753	1,255,057
	£5,245,982	£4,370,188
Income		
Premiums	659,706	525,347
Investment income	465,624	420,144
	£1,125,330	£ 945,491
Expenditure		
Annuity payments	96,321	79,436
Returns of accumulated pension contributions	283,934	108,446
Other payments to policyholders and beneficiaries	134,458	107,137
Operating expenses, taxes and commissions	133,916	109,186
	£ 648,629	£ 404,205
Excess of Income over Expenditure	476,701	541,286
Change in value of assets held for investment-linked policies	153,933	104,708
Change in exchange value of non-sterling assets	135,160	159,530
Funds transferred from investment reserve	110,000	15,000
Addition to Funds	£ 875,794	£ 820,524

Directors and Officers

Directors

R.C. Smith, C.B.E., LL.D., C.A.
Chairman

N. Lessels, C.A.
Deputy Chairman

C.A. Crole, C.A.

J.G.S. Gammell, M.B.E., C.A.

A.M. Hodge, G.C., V.R.D., D.L., W.S.

H.W. Macdonell, Q.C.

B.D. Misselbrook, C.B.E., D.Sc., F.R.S.E.

W.D. Mulholland, M.B.A.

T.N. Risk

L.G. Rolland

J.F.H. Trott

Sir Eric Yarrow, Bt., M.B.E., D.L.

Canadian Investment Advisory Committee

L.G. Rolland, President & Chief
Executive Officer
Rolland inc.

W.D. Mulholland, Chairman & Chief
Executive Officer
Bank of Montreal

H.W. Macdonell, Q.C., Partner
McCarthy & McCarthy

A.S. Fernie, President, Canadian
Operations

A.I. MacTier, Senior Vice-President
& Secretary

Officers in Canada

A.S. Fernie, F.F.A., F.C.I.A.
President, Canadian Operations

A.I. MacTier, C.A.
Senior Vice-President & Secretary

R.R. Naudie, C.A., C.F.A.
Senior Vice-President (Finance)

C.A. Garcia, F.S.A., F.C.I.A.
Senior Vice-President & Actuary

M.L. Boucher, C.A.
Vice-President & Comptroller

E.G. Burrows
Vice-President (Property Investment)

J.H. Dawson, B.C.L.
Vice-President & General Counsel

L. de Boer, M.B.A.
Vice-President (Investment Funds)

W.F. DeNeef, B. Comm.
Vice-President (Corporate Services)

T.H. Golberg, F.S.A., F.C.I.A.
Vice-President (Group)

C.M. Marchand, C.A.
Vice-President
(Marketing - Individual Operations)

D.M. Millar, F.F.A., F.C.I.A.
Vice-President (Individual Operations)

A. Miller, M.D., F.R.C.P. (C)
Chief Medical Officer

Branches

Standard Life maintains branch operations across Canada to transact individual, group, property and investment business. Branches are located in the following major cities:

St. John's	Moncton	St. Catharines
Halifax	Saint John	Kitchener/Waterloo
Fredericton	Quebec City	London
	Montreal	Winnipeg
	Ottawa	Calgary
	Toronto	Edmonton
	Hamilton	Vancouver
		Victoria

